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**JAN 23 2008**

**OFFICE OF PETITIONS**

In re Patent No. 5,467,122	:	
Issued: 11/14/1995	:	DECISION ON PETITION
Application No. 08/046,335	:	
Filed: 04/12/1993	:	
Attorney Docket No. xAA-05	:	

This is in response to the petition under 37 CFR 1.378(b), filed June 5, 2007, to accept the unavoidably delayed payment of the maintenance fee for the above-identified patent.

The petition is dismissed.

If reconsideration of this decision is desired, a petition for reconsideration under 37 CFR 1.378(e) must be filed within TWO (2) MONTHS from the mail date of this decision. No extension of this two-month time limit can be granted under 37 CFR 1.136(a) or (b). Any such petition for reconsideration must be accompanied by the petition fee of \$400.00 as set forth in 37 CFR 1.17(f). The petition for reconsideration should include an exhaustive attempt to provide the lacking item(s) noted below because the Director will not undertake any further reconsideration or review of the matter after a decision on the petition for reconsideration.

The patent issued on November 14, 1995. The second maintenance fee could have been paid during the period from November 14, 2002 through May 14, 2003 or with a surcharge during the period from May 15, 2003 through November 14, 2003. Accordingly, this patent expired on November 15, 2003, for failure to timely remit the second maintenance fee.

On March 15, 2004, petitioners filed a petition under 37 CFR 1.378(c), which was dismissed by the decision of July 15, 2005. The decision stated that the Office attempted to collect the maintenance fee payment and the surcharge from petitioners' Deposit Account numerous times; however, as of July of 2005, the account was listed as having a negative balance. The decision set a two-month period, with no extensions of the time limit, to file a request for reconsideration under 37 CFR 1.378(e), accompanied by a petition fee, the maintenance fee, and the surcharge. On June 5, 2007, petitioners submitted the present petition under 37 CFR 1.378(b) and a check in the amount of \$3,815.00 as payment for the second and third maintenance fees and the surcharge.

The Director may accept the payment of any maintenance fee due on a patent after expiration of the patent if, upon petition, the delay in payment of the maintenance fee is shown to the satisfaction of the Director to have been unavoidable and if the surcharge required by § 1.20(i) is paid as a condition of accepting payment of the maintenance fee. 37 CFR 1.378(a).

A grantable petition to accept a delayed maintenance fee payment under 37 CFR 1.378(b) must include the following:

(1) the required maintenance fee set forth in § 1.20(e) through (g);

(2) the surcharge set forth in § 1.20(i)(1); and

(3) a showing that the delay was unavoidable since reasonable care was taken to ensure that the maintenance fee would be paid timely and that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date and the manner in which patentee became aware of the expiration of the patent, and the steps taken to file the petition promptly.

This petition lacks requirement (3).

Acceptance of a late maintenance fee under the unavoidable delay standard is considered under the same standard for reviving an abandoned application under 35 U.S.C. § 133. This is a very stringent standard. Decisions on reviving abandoned applications on the basis of “unavoidable” delay have adopted the reasonably prudent person standard in determining if the delay was unavoidable:

The word unavoidable' . . . is applicable to ordinary human affairs, and requires no more or greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business. It permits them in the exercise of this care to rely upon the ordinary and trustworthy agencies of mail and telegraph, worthy and reliable employees, and such other means and instrumentalities as are usually employed in such important business. If unexpectedly, or through the unforeseen fault or imperfection of these agencies and instrumentalities, there occurs a failure, it may properly be said to be unavoidable, all other conditions of promptness in its rectification being present. In re Mattullath, 38 App. D.C. 497, 514-15 (1912) (quoting Pratt, 1887 Dec. Comm'r Pat. 31, 32-33 (1887)); see also Winkler v. Ladd, 221 F. Supp. 550, 552, 138 USPQ 666, 667-68 (D.D.C. 1963), aff'd, 143 USPQ 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm'r Pat. 139, 141 (1913).

In addition, decisions on revival are made on a “case-by-case basis, taking all the facts and circumstances into account.” Smith v. Mossinghoff, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982). Finally, a petition cannot be granted where a petitioner has failed to meet his or her

burden of establishing that the delay was "unavoidable." Haines v. Quigg, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

In determining whether the delay in paying a maintenance fee was unavoidable, one looks to whether the party responsible for payment of the maintenance fee exercised the due care of a reasonably prudent person. Ray v. Lehman, 55 F.3d 606, 608-609, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995). The patent owner at the time of the expiration of the patent is ultimately the person responsible to ensure the timely payment of the maintenance fees. The patent owner may engage another to track and/or pay the maintenance fees; however, merely engaging another does not relieve the patent owner from his obligation to take appropriate steps to ensure the timely payment of such maintenance fees. See California Medical Prods. v. Tecnol Medical Prods., 921 F. Supp. 1219, 1259 (D. Del. 1995). Moreover, the USPTO must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of an applicant, and an applicant is bound by the consequences of those actions or inactions. Link v. Wabash, 370 U.S. 626, 633-34 (1962); Huston v. Ladner, 973 F.2d 1564, 1567, 23 USPQ2d 1910, 1913 (Fed. Cir. 1992).

35 U.S.C. § 41(c)(1) does not require an affirmative finding that the delay was avoidable, but only an explanation as to why the petitioner has failed to carry his burden to establish that the delay was unavoidable. See Commissariat A. L'Energie Atomique v. Watson, 274 F.2d 594, 597, 124 USPQ 126, 128 (D.C. Cir. 1960). Petitioners are reminded that it is the patentee's burden under the statutes and regulations to make a showing to the satisfaction of the Director that the delay in payment of a maintenance fee is unavoidable. See Rydeen v. Quigg, 748 F. Supp. 900, 16 USPQ2d 1876 (D.D.C. 1990), *aff'd* 937 F.2d 623 (Fed. Cir. 1991).

As 35 USC § 41(b) requires the payment of fees at specified intervals to maintain a patent in force, rather than some response to a specific action by the Office under 35 USC § 133, a reasonably prudent person in the exercise of due care and diligence would have taken steps to ensure the timely payment of such maintenance fees. Ray v. Lehman, 55 F.3d 606, 609, 34 USPQ2d 1786, 1787 (Fed. Cir. 1995). That is, an adequate showing that the delay in payment of the maintenance fee at issue was "unavoidable" within the meaning of 35 U.S.C. § 41(c) and 37 CFR 1.378(b)(3) requires a showing of the steps taken by the responsible party to ensure the timely payment of the second maintenance fee for this patent. Ray, 55 F.3d at 609, 34 USPQ2d at 1788.

There are three periods to be considered during the evaluation of a petition under 37 CFR 1.378(b):

- (1) The delay in reply that originally resulted in expiration;
- (2) The delay in filing an initial petition pursuant to § 1.378(b) to revive the application; and
- (3) The delay in filing a *grantable* petition pursuant to § 1.378(b) to revive the application.

This petition lacks the showing required by periods (2) and (3).

Petitioners asserted that the delay in paying the second maintenance fee was unavoidable because they were not aware of the decision dismissing their petition under 37 CFR 1.378(c), filed March

15, 2004. Specifically, petitioners explained that they submitted a change of correspondence address associated with the Customer Number on June 9, 2004, which was acknowledged by the USPTO on December 14, 2004. Petitioners asserted they did not receive a copy of the original decision of July 15, 2004, dismissing their petition under 37 CFR 1.378(c) because the USPTO mailed the decision to an obsolete address. In support of the assertion of non-receipt of the decision of July 15, 2004, petitioners provided a copy of the docket calendar of practitioner, Peter Lippman, which revealed no deadline for reply to the dismissal had been entered. Petitioners indicated that they first became aware that the patent was not in force on March 21, 2007, when Lippman was looking on the USPTO website to determine the amount of the third maintenance fee. Petitioners stated that they did not receive a facsimile copy of the decision until April 27, 2007.

Petitioners stated that “[i]n [Lippman’s] bookkeeping system previously he has simply distributed, after the fact, funds flowing out of the deposit account -- based upon the monthly deposit-account reports -- and has relied upon ‘the system’ to eventually sort out all such transactions.” *Petition dated 06/05/07, p. 2*. Additionally, petitioners asserted that “unfortunately [Lippman] had taken for granted that the fees for his 2004 Petition would be withdrawn from his account within a few months --whether or not a Decision on Petition was generated in that time--and accordingly he was not watching the balance closely during the time interval (thirteen months later) when [the deciding official] apparently was checking for those Petition fees. *Petition dated 06/05/07, p. 27*.

At the onset, the Office sincerely apologizes for the mailing the decision of July 15, 2005, to an obsolete address. The Office concurs with petitioners that they submitted a timely change of correspondence with the USPTO prior to the mailing date the decision dismissing the petition. However, even if the Office excuses the delay attributed to the mailing of the decision to an incorrect address, the Office notes petitioners did not have sufficient funds in their deposit account to pay the maintenance fee and surcharge as of July 15, 2005.

Pursuant to 37 CFR 1.25(a),

A minimum deposit of \$1,000 [in the deposit account] is required for paying any fee due or in ordering any services offered by the Office.... At the end of each month, a deposit account statement will be rendered. A remittance must be made promptly upon receipt of the statement to cover the value of items or services charged to the account and thus restore the account to its established normal deposit value. An amount sufficient to cover all fees, services, copies, etc., requested must always be on deposit. Charges to accounts with insufficient funds will not be accepted. A service charge (§ 1.21(b)(2)) will be assessed for each month that the balance at the end of the month is below \$1,000.

Therefore, “[a]n overdrawn account will be immediately suspended and no charges will be accepted against it until a proper balance is restored, together with a payment of \$10 (37 CFR 1.21(b)(1)) to cover the work done by the U.S. Patent and Trademark Office incident to suspending and reinstating the account and dealing with charges which may have been made in the meantime.”

MPEP 509.01. Moreover, the Office expects that an applicant or patentee will take reasonable precautions in all cases to avoid overdrafts. Id. A delay resulting from a lack of knowledge or improper application of the patent statute, rules of practice, or the MPEP does not constitute an "unavoidable" delay. See Haines v. Quigg, 673 F. Supp. 314, 317, 5 USPQ 1130, 1132 (N.D. Ind. 1987), Vincent v. Mossinghoff, 230 USPQ 621, 624 (D.D.C. 1985); Smith v. Diamond, 209 USPQ 1091 (D.D.C. 1981); Potter v. Dann, 201 USPQ 574 (D.D.C. 1978); Ex parte Murray, 1891 Dec. Comm'r Pat. 130, 131 (1891).

With respect to petitioners' statement that the Office did not notify them that the Office was unable to charge the deposit account for the maintenance fee and surcharge, it is petitioners' duty to ensure that a proper and timely response is submitted to the USPTO. While the Office attempts to timely notify applicants and patentees of deficiencies in their responses, it is under no obligation to do so. Furthermore, it is petitioners' responsibility to take reasonable precautions to avoid overdrafts and to make certain that the deposit account contains the required minimum deposit of \$1,000 when authorizing the payment of any fees due. A payment of less than the required amount, a payment in a manner other than that set forth in 37 CFR 1.23, or the filing of an authorization to charge a deposit account having insufficient funds, will not constitute payment of a maintenance fee and any necessary surcharge. In this instance, petitioners admitted that they did not regularly monitor the balance of the deposit account during the period in question. Petitioners' failure to keep sufficient funds in the deposit account constitutes an avoidable mistake.

Moreover, a showing of diligence in matters before the USPTO is essential to support a finding of unavoidable delay. See Futures Technology, Ltd. v. Quigg, 684 F. Supp. 430, 431, 7 USPQ2d 1588 (E.D. Va. 1988)(applicant's diligent inquiry into the status of the application is required to show unavoidable delay); Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (representation by counsel does not relieve the applicant from his obligation to exercise diligence before the USPTO; applicant's lack of diligence extending two and one half years overcame and superseded any omissions by his counsel). Diligent inquiry into the status of the patent is required.

Petitioners explained that "[t]he Petitioners in 2003 and 2004 communicated with the PTO in good faith, attempting to maintain the subject patent -- but until late April [of 2007] received no message stating that their communications had failed." *Petition dated 06/05/07, p. 1.* "Until then they also were not able to obtain a statement of the reason for failure of their 2004 communication." Id. Petitioners averred that their actions did not equate to a lapse in their duty of due care as they were not aware of any "standard" time period for deciding a petition under 37 CFR 1.378(c). Rather, petitioners indicated that the length of time seemed to be long but plausible for consideration of a petition and that the staff of the Office of Petitions appeared "swamped with work." Petitioners stated that it did not seem helpful or courteous for Mr. Lippman to "pester" the Office of Petitions staff. "Rather seemed more appropriate (and perhaps a patriotic duty) that he patiently let the matter lie -- until receiving a decision in due course." *Petition dated 06/05/07, pp. 20-21.*

There is no evidence that petitioners were misled to believe that the USPTO granted their original petition, accepted the maintenance fee and surcharge, or reinstated the patent. Petitioners may not have received the decision of July 15, 2005, dismissing their petition; however, the test is whether petitioners exercised due diligence to find out and correct the problem. See generally, Douglas v. Manbeck, 21 USPQ2d 1697, 1699-1700 (E.D. Pa. 1991), *aff'd*, 975 F.2d 869, 24 USPQ2d 1318 (Fed. Cir. 1992) (applicant has a duty to make sure his application is being prosecuted). The record reveals that petitioners failed to exercise due diligence with regard to the maintenance of the patent as petitioners did not inquire into the status of their petition for approximately three years from its filing. Petitioner simply had no system in place at that time for following up on the status of a petition if they did not receive a decision from the USPTO. Therefore, since petitioners did not receive the decision of July 15, 2005, petitioners did not make any entry into the docket calendar regarding the status of the petition or any action needed. Petitioners admitted that they could have followed up with the USPTO but decided "to let the matter lie – until receiving a decision in due course." *Petition dated 06/05/07, pp. 20*. This inaction is the antithesis of diligence on the part of petitioners to ensure that the patent was maintained. A prudent and careful person acting in relation to his most important business would have taken steps to confirm whether the petition was granted, that the maintenance fee and any surcharge were accepted, and that the patent was reinstated. Accordingly, the lack of due diligence by petitioners overcame any error in mailing the decision of July 15, 2005, to an obsolete address. If petitioners would have exercised due care of a reasonably prudent person and monitored their deposit account or inquired into the status of the petition, petitioners could have avoided or been able to act to correct the situation in a more timely fashion.

The showing of record is inadequate to establish to the satisfaction of the Office that the delay in payment of a maintenance fee is unavoidable within the meaning of 37 CFR 1.378(b). Accordingly, the petition is **dismissed**.

The Office acknowledges receipt of the maintenance fee payments due at 7.5 and 11.5 years in the amounts of \$1,150.00 and \$1,900.00, respectively, as well as the \$700.00 surcharge after expiration. The \$65.00 surcharge for late payment within six months is unnecessary and will be refunded to the Deposit Account. Petitioners should note that if this petition is not renewed, or if renewed and not granted, then the maintenance fees and post expiration surcharge are refundable. The \$400.00 petition fee for seeking reconsideration is not refundable. Any request for refund should be in writing to the following address:

Mail Stop 16  
Director of the US Patent and Trademark Office  
PO Box 1450  
Alexandria, VA 22313-1450

A copy of this decision should accompany petitioners' request.

Further correspondence with respect to this matter should be addressed as follows:

By mail:                Mail Stop Petition  
                             Commissioner for Patents  
                             P.O. Box 1450  
                             Alexandria, VA 22313-1450

By FAX:                (571) 273-8300  
                             Attn: Office of Petitions

By hand:               Customer Service Window  
                             Randolph Building  
                             401 Dulany Street  
                             Alexandria, VA 22314

Additionally, correspondence may be submitted electronically by EFS-Web.

Telephone inquiries concerning this matter may be directed to the undersigned at (571) 272-3211.



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